



## The Daily Dish

# The Social Security and Medicare Trustees' Reports

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Yesterday the Trustees of the Social Security and Medicare programs released their annual [reports](#). In some circles, they may be interpreted as good news. They are not.

The bottom lines are pretty simple:

1. The Old-Age and Survivors Insurance (OASI) Trust Fund - "retirement" Social Security - will be able to pay 100 percent of promised benefits until 2033, at which time there would have to be a 21 percent across-the-board cut in benefits to retirees. The exhaustion date is the same as the last report.
2. The Disability Insurance (DI) Trust Fund is projected to remain solvent through at least 2098, up a year from last year.
3. If combined - which would require a change in the law - these two trust funds would last until 2035, at which point there would need to be a 17 percent cut in benefits.
4. Turning to Medicare, the Hospital Insurance (HI) Trust Fund will be able to pay full benefits until 2036, five years later than reported last year. The Supplementary Medical Insurance (SMI) Trust Fund is automatically financed into the indefinite future because it gets an unlimited draw on the Treasury. But in the words of the Trustees: "Although the financing is assured, the rapidly rising SMI costs have been placing steadily increasing demands on beneficiaries and general taxpayers."

If you are in the things-are-good-when-they-don't-get-worse school of public policy, this is a great report. On the other hand, the only reason that the projections got better is that the Trustees assumed that last year's productivity surprise will persist:

*The projected long-term finances of the combined OASDI fund improved this year*

*primarily due to an upward revision to the level of labor productivity over the projection period and a lower assumed disability incidence rate. These improvements were partially offset by a decrease in the assumed long-term total fertility rate. The revision to labor productivity was based on stronger economic growth in 2023 than had been anticipated in last year's reports.*

If you think that is a good bet, I've got 19 horses for you in the 2024 Kentucky Derby.

The larger problem is that these programs are simply broken. If you are a 55-year-old trying to plan retirement at 65, you have no idea what your Social Security benefit will be.

It won't be the promised benefit and it probably won't be 79 percent of the promised benefit. But Congress will have to act at some point and you cannot know what the result will be. That is a terrible way to run a pension program. Congress is overdue to act, make this crucial plank of the social safety net financially secure for the future, and cut some of the enormous red ink in the federal fiscal outlook in the process.

Medicare is kept afloat only by its draw on the Treasury, which is why it is responsible for roughly [one-third](#) of federal debt outstanding. We know that can't continue but, again, there is no action to fix the program's design flaws.